

CHAPTER XI

LIMITED COMPANIES

SOONER or later the solicitor's clerk will be asked to prepare the necessary papers to incorporate a company. A firm of clients or an individual client will decide to turn their or his business into a limited company, or to acquire a business from someone else—or will desire to start a fresh venture, and will instruct the solicitor to take the necessary steps for such a company to be registered.

The object of turning a business into a limited company is to limit the liability of each share-holder to the actual amount of the shares held by such shareholder. Thus, if the shareholder has paid up los. out of the £ due on his shares he is only liable to pay up the remaining los. per share—and if he has fully paid for his shares he is not liable for any of the debts of the company (except that payment of the debts of the company will come before payment of any monies to him on the company being wound up).

The first thing to do in obtaining instructions is to get the following particulars from the client—

1. What is the proposed company to be named ?
2. What is the nature of the business to be

carried on?

3. From whom is the business to be acquired?

4. What is the price to be paid for the business ?

(Even in the case of a private individual turning his

business into a limited company, it is necessary

to have an agreement to sell the business to the